

**FIVE POINT ECONOMIC RECOVERY PLAN**  
*Leveraging the Strength of Franchising to Expedite Economic Growth*

Franchised businesses play an important role in the economic health of the U.S. economy. The franchise industry consistently outperforms the non-franchised business sector creating more jobs and economic activity in local communities across the country. To enable franchising to help lead business activity during these difficult times, the International Franchise Association (IFA) has identified five key steps that government leaders can take to help expedite the economic recovery.

- **Increase Amount of Credit Available by Strengthening Secondary Markets**

To ensure that small business and the franchising industry benefit from the Troubled Asset Relief Program (TARP) passed by Congress in November 2008, the Administration should authorize the TARP to expand purchases of SBA loan pools. The Administration should also appoint a small business franchising coordinator at the Department of Treasury.

The Administration must spur capital access by applying SBA and bank regulator audit standards to counter the natural inclination of officials to be overly stringent during difficult economic circumstances.

The Administration should modernize the SBA secondary market auction system.

- **Increase Access to Capital through Changes to SBA Loan Programs**

The Administration should move swiftly to expand the short-term availability of small business capital by utilizing the emergency disaster loan program.

The SBA should temporarily increase the guarantee percentage on 7(a) loans to 90% for 24 months, and permanently increase the 7(a) loan guaranteed amounts from \$2 million to \$4 million to facilitate more investment opportunities.

The Administration must promote the origination of more loans by giving banks pricing flexibility for loans. For example, increase the ceiling on pricing on the spreads over prime or LIBOR to 3.5% or 3.75% will encourage banks to make more business loans.

To encourage lending to franchised businesses, the Administration must update SBA affiliation regulations and adjust size limitations in the small business tables to update the size standards and make the 7(a) standard more consistent with the SBA's 504 program.

- **Remove Tax Uncertainties and Inequities for Small Business**

By enacting a permanent solution to the death tax; extending the capital gains tax rate of 15%, and permanently shortening the depreciation schedule for restaurant buildings to 15 years, franchised businesses will be better positioned to invest in growth strategies that create more jobs.

- **Make Small Business Health Insurance More Affordable**

Congress and the Administration need to take steps to ensure that small business owners can afford to provide health insurance coverage for their employees. Promoting small business insurance pooling options and reducing costly state benefit mandates will help small businesses make health insurance available to more employees.

- **Support Veterans as Small Business Owners**

Enhance franchise business opportunities for America's returning military veterans by expanding the Montgomery GI Bill to provide educational assistance for training in franchising operations and appointing a Franchising Program Coordinator at the US Department of Veterans Affairs.